

PUBLIC DISCLOSURE

JUNE 7, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FALL RIVER MUNICIPAL CREDIT UNION

333 MILLIKEN BOULEVARD
FALL RIVER, MA 02721

DIVISION OF BANKS
1 SOUTH STATION
BOSTON, MA 02110

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| <p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p> |
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks (the "Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **FALL RIVER MUNICIPAL CREDIT UNION**, (or "Credit Union") prepared by the Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

This rating is based upon the Credit Union's performance in the five criteria contained herein. The following is a summarization of the findings that were utilized in formulating the Credit Union's overall CRA rating.

Loan to deposit and share ratio

- The Credit Union's average net loan to deposit and share ratio is considered satisfactory at 53.4 percent.

Comparison of Credit Inside and Outside the Assessment Area

- The Credit Union originated a majority of its Home Mortgage Disclosure Act ("HMDA")-reportable loans within its assessment area. Of the 581 originations, 68.3 percent of the number, and 64.0 percent of the dollar amount, were originated in the assessment area for 2002 and 2003.

Distribution of Credit among Individuals of Different Incomes

- The Credit Union has served individuals of all income levels, as displayed by a reasonable distribution of loans to low- and moderate-income individuals. The Credit Union granted 10.0 percent of its HMDA-reportable loans to low- and moderate-income borrowers in 2002, and improved to 19.9 percent in 2003.

Census Tract Distribution

- A review of the census tract distribution, within the assessment area, showed that the Credit Union originates an adequate number of loans within its various census tracts. The Credit Union originated 25.6 percent of its HMDA-reportable loans in low- and moderate-income census tracts during 2002, and 16.6 percent during 2003. No loans were originated in the Credit Union's one low-income census tract during either year.

Response to Complaints and Fair Lending

- The Credit Union has not received any CRA-related complaints since the prior examination. The Credit Union's fair lending performance was found to be adequate at this time.

PERFORMANCE CONTEXT

Description of Institution

The Credit Union was founded on February 6, 1930, for the purpose of serving municipal employees and their families. During the 1960's and 1970's, the Credit Union acquired a number of other credit unions, including the Fall River Boys Club Credit Union, the Firestone Employees of Fall River Credit Union, and the Fall River Grange Federal Credit Union. Membership in the Credit Union is open to individuals who reside, work, or have a place of business in the greater Fall River area, or in Bristol, Plymouth, and Barnstable Counties in Massachusetts.

As of March 31, 2004, the Credit Union had \$200,147,268 in total assets. Of these assets, approximately \$78,416,560, or 39.2 percent, were in the form of loans.

The composition of the Credit Union's loan portfolio consists of residential mortgage loans, home equity lines of credit, automobile loans, unsecured lines of credit, and other lines of credit to members. Refer to the following table for the distribution of the Credit Union's loan portfolio.

Loan Portfolio Composition

| Loan Type | Amount (000s) | Percent |
|----------------------------|----------------------|----------------|
| Residential Mortgages | \$60,588 | 77.3% |
| Equity Lines of Credit | \$10,501 | 13.4% |
| Unsecured Lines of Credit | \$2,414 | 3.1% |
| New and Used Vehicle Loans | \$3,902 | 5.0% |
| Other Lines of Credit | \$1,012 | 1.2% |
| Total Gross Loans | \$78,417 | 100.0% |

Source: March 31, 2004 Statement of Financial Condition.

The Credit Union operates two full-service offices, with the main office located at 333 Milliken Boulevard, in Fall River, Massachusetts, and a branch located at 1110 Robeson Street, Fall River, Massachusetts. The main office is located in a moderate-income census tract. During, April 2001, the Credit Union opened an operations center at 289 Milliken Boulevard in Fall River. Office hours at both full service offices are 9:00am to 4:00pm on Monday through Wednesday, 9:00am to 8:00pm on Thursday and Friday, and 9:00am to 12:00pm on Saturday. Drive-up banking is available at the branch and the operations center.

Description of Institution (continued)

The Credit Union offers its members a full range of credit and deposit services including checking accounts, ATM cards (linked to "NYCE & "Cirrus" networks), debit cards (Visa Check Card), and term certificates. In addition, the Credit Union offers EZaccess, a 24-hour telephone banking system, that enables members to make account inquiries, access transaction histories, and transfer payments to loan accounts. Members may access their accounts through Memberlink Plus, the Credit Union's Internet website www.frmcu.org. For the convenience of its members, the Credit Union provides postage free envelopes to bank by mail.

The Credit Union has introduced the "Sid The Saving Fish" account to one of its area elementary schools. Representatives of the Credit Union visit the school every Wednesday to accept deposits from the students. Deposits need not to be made weekly, and any amount can be deposited, even pennies. This helps the students learn about the banking process and how their money can grow. In addition, this account is available to any child under the age of 14, by calling the Credit Union or stopping at any of the Credit Union's offices.

In an effort to make membership in the Credit Union more affordable and allow greater access to its services, the Board of Directors reduced the member share to \$5.00.

Each year, senior management and the Board of Directors formulate a Strategic Business Plan to outline the Credit Union's goals for growth and action plans for the coming year. This plan includes the Credit Union's consideration of its members' needs and data on diversification within the field of membership.

The Credit Union has competition from several financial institutions within its assessment area. These financial institutions include but are not limited to the following: Fall River Five Cents Savings Bank; Slade's Ferry Trust Company; Citizens-Union Savings Bank; and St. Anne's Credit Union; as well as representatives of regional and national mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the Credit Union's rates and services offered competitive.

The Credit Union was last examined for compliance with CRA by the Division as of December 31, 1999. That examination resulted in a CRA rating of Satisfactory.

Description of Assessment Area

Overview

CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (MSAs) for statistical reporting purposes by federal agencies. The Credit Union's assessment area contains communities located in the Prov-Fall River-Warwick, RI-Ma MSA, and one town located in a Non-Metropolitan Statistical Area (Non-MSA).

The Credit Union's assessment area consists of the following communities:

- Prov-Fall River-Warwick, RI-Ma MSA: the City of Fall River and the Towns of Somerset, Swansea, and Westport in Massachusetts. The Towns of Little Compton and Tiverton in Rhode Island. Portsmouth, Rhode Island is the only town located in a Non MSA.

2002 ASSESSMENT AREA

Using the 1990 census data, the Credit Union's assessment area was comprised of 37 census tracts: one (2.7%) low-income, 16 (43.2%) moderate-income, 17 (46.0%) middle-income, two (5.4%) upper-income, and 1 (2.7%) designated as N/A. The one low-income tract and the 16 moderate-income tracts are located in Fall River. The tract designated as N/A is located in Somerset and is the Brayton Point Power Plant. It should be noted that the census tract with no income designation is not used in the analysis of the Credit Union's loan activity. The low-income census tract (6411.00), located in Fall River, contained only 0.5 percent of the assessment area's housing units, of which 93.1 percent were rental units and 6.9 percent were vacant. The housing stock is primarily public housing, and this tract also contains much of Fall River's commercial and downtown business properties. In addition, one moderate-income tract (6410.00), located in Fall River, contained only 0.9 percent of the assessment area's housing units, of which 86.8 percent were rental, 9.1 percent were owner-occupied, and 4.1 were vacant. The housing stock in this census tract is primarily public housing, and this tract contains mill buildings and the Battleship Massachusetts.

The following data provides demographic and economic information pertaining to the Credit Union's assessment area:

Assessment area housing data, based on 1990 census data, indicated that there are 73,083 housing units, of which 49.5 percent are owner-occupied, 41.9 percent are rental and 8.6 percent are vacant. The area's total population is 174,089 persons. The area contains 66,839 households, of which 33.3 percent receive social security and 11.7 percent are living below the poverty level.

2003 ASSESSMENT AREA

Using 2000 census data, the Credit Union's assessment area was comprised of 40 census tracts, of which one (2.5 percent), was designated as low-income; 15 (37.5 percent) are moderate-income; 20 (50.0 percent) are middle-income; and 4 (10.0 percent) are upper-income. The low- and moderate-income census tracts are located in Fall River.

Assessment area housing data, based on 2000 census data, indicated that there are 77,176 housing units, of which 51.5 percent are owner-occupied, 40.9 percent are rental units and 7.6 percent are vacant. The assessment area's total population is 176,258. The assessment area contains 71,357 households, of which 31.3 percent receive social security and 12.4 percent are below the poverty level.

Change in Demographics

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of the Credit Union's assessment area by census tract income groupings. This information is being included as a precursor for future examinations as well as for the Credit Union's future reference. In addition, the percentage change in the number of census tracts by income grouping is also reflected.

| Change in Assessment Area Demographics | | | | | |
|--|------------------|-------|------------------|-------|-------------------------------------|
| Census Tracts | 1990 Census Data | | 2000 Census Data | | % Change in Number of Census Tracts |
| | # | % | # | % | |
| Low | 1 | 2.7 | 1 | 2.5 | 0.0 |
| Moderate | 16 | 43.2 | 15 | 37.5 | -6.3 |
| Middle | 17 | 46.0 | 20 | 50.0 | 17.6 |
| Upper | 2 | 5.4 | 4 | 10.0 | 100.0 |
| NA | 1 | 2.7 | 0 | 0.0 | -100.0 |
| Total | 37 | 100.0 | 40 | 100.0 | 8.1 |

Source: PCI Services, Inc., CRA Wiz Software.

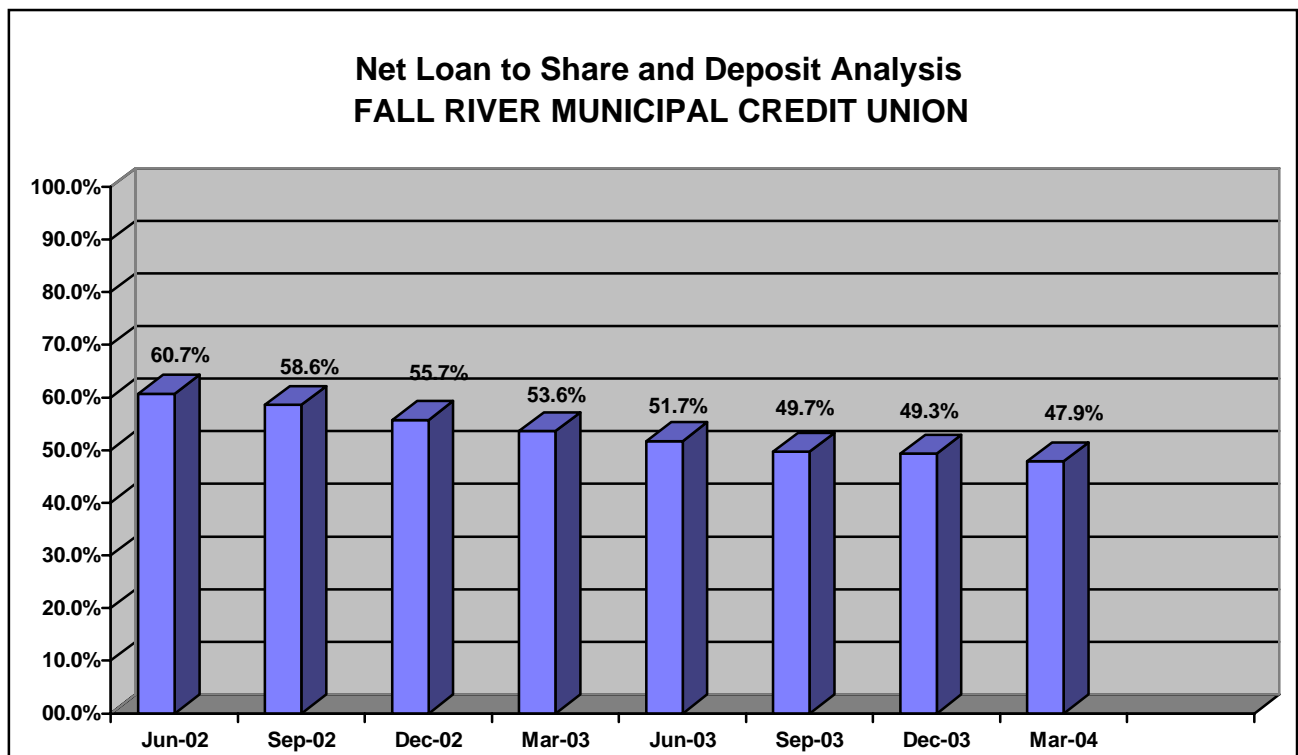
PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

A comparative analysis of the Credit Union's net loan to share and deposit ratio was performed during the examination. The calculation incorporated eight quarters of the Credit Union's net loan to total share and deposit figures utilizing the National Credit Union Administration's ("NCUA") quarterly call reports. This review included the quarters ending June 30, 2002 through March 31, 2004.

The Credit Union's average loan to share and deposit ratio during the period under examination was determined to be 53.4 percent. As evidenced below, the ratio has fluctuated from a high of 60.7 percent on June 30, 2002, to a low of 47.9 percent on March 31, 2004. During the period under review, loans decreased by 23.0 percent while shares and deposits decreased by 2.3 percent resulting in the steady decrease in the ratio. It should be noted that during 2002 and 2003, the Credit Union sold 51 loans totaling \$7,262,283 to FNMA.

The following graph illustrates the Credit Union's Net Loan to Share and Deposit ratios.



A comparison of the net loan-to-share and deposit ratio of three other credit unions of similar type was also conducted. These other institutions' net loan-to-share and deposit ratios ranged from a high of 96.9% to a low of 34.0% on March 31, 2004. The Credit Union's net loan-to-share ratio for the same time period was 47.9 percent. The following table provides the net loan-to-share and deposit ratio for the Credit Union and the other

LOAN TO SHARE ANALYSIS (continued)

credit unions used for comparison. The ratios shown are calculated from the NCUA's Call Report data for March 31, 2004. The institutions are listed with the net loan-to-share and deposit ratios in descending order:

Comparative Net Loan-To-Share Ratio Analysis

| CREDIT UNION | NLTD RATIO |
|--|--------------|
| First Citizen's Credit Union | 96.9% |
| Fall River Municipal Credit Union | 47.9% |
| St. Anne's Credit Union | 45.1% |
| Somerset Credit Union | 34.0% |

Based on the above information and the Credit Union's capacity to lend, the capacity of other similarly-situated credit unions to lend to their members, the types of loans available at the Credit Union, and the lending opportunities available to its membership, the Credit Union's loan-to-share ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Data regarding the Credit Union's HMDA-reportable lending activity for 2002 and 2003 was reviewed to determine the proportion of loans originated within the assessment area by number and dollar amount. Lending data was obtained from the Credit Union's Loan Application Register (LAR), filed under the provisions of HMDA.

For the period reviewed, the Credit Union originated 581 HMDA-reportable loans, totaling \$64 million. Of these loans, the Credit Union originated 397 in the assessment area, representing 68.3 percent of the total loans. By dollar amount, these loans totaled \$41 million, or 64.0 percent. Of the 397 loans originated in the assessment area, 321 (80.9 percent) were for refinances, and 30 (7.6 percent), were for conventional home purchases.

Fall River accounted for the largest percentage of originations by number with 36.8 percent, followed by Somerset with 13.9 percent. Fall River also accounted for the largest dollar volume of originations with 31.1 percent, followed by Somerset with 14.1 percent. Refer to the following table for additional information regarding the Credit Union's HMDA-reportable lending, by both number and dollar volume.

| Distribution of HMDA Reportable Loans Inside and Outside of the Assessment Area | | | | | | | | |
|---|-----------------|------|------------------------|------|-----------------|------|-------------------------|------|
| Year | Inside | | | | Outside | | | |
| | Number of Loans | | Dollar in Loans (000s) | | Number of Loans | | Dollars in Loans (000s) | |
| | # | % | \$ | % | # | % | \$ | % |
| 2002 | 180 | 67.4 | 17,755 | 62.0 | 87 | 32.6 | 10,875 | 38.0 |
| 2003 | 217 | 69.1 | 23,226 | 65.7 | 97 | 30.9 | 12,136 | 34.3 |
| Total | 397 | 68.3 | 40,981 | 64.0 | 184 | 31.7 | 23,011 | 36.0 |

Source: HMDA /LAR, CRA Wiz

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S) (continued)

Based on the above information, it is evident that a majority of the number and dollar amount of the Credit Union's HMDA reportable loans have been extended within its assessment area. Therefore, the Credit Union's level of lending within its assessment area meets the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of mortgage loans extended within the various income levels was conducted during the examination. All of the HMDA reportable loans were categorized by the ratio of the applicant's reported income to the median family income of the Providence-Fall River Warwick MA-RI MSA and the Non-MSA. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information. The estimated incomes for the Providence Fall River MSA for 2002 and 2003 are \$54,100 and \$58,400, respectively. The estimated income in the Non-MSA for 2002 and 2003 are \$56,200 and \$67,300, respectively.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table compares the Credit Union's 2002 borrower income distribution to that of the HMDA aggregate lenders. Furthermore, the table also compares these presentations to the distribution of family households within the assessment area.

| Distribution of HMDA loans by Borrower Income | | | | |
|---|---|---------------------------------|------|-------|
| Median Family Income Level | % Total Households Per 1990 Census Data | Aggregate Lending Data (% of #) | 2002 | |
| | | 2002 | # | % |
| Low | 29.1 | 3.5 | 4 | 2.2 |
| Moderate | 15.2 | 13.1 | 14 | 7.8 |
| Middle | 19.8 | 25.6 | 57 | 31.7 |
| Upper | 35.9 | 46.7 | 103 | 57.2 |
| N/A | | 11.1 | 2 | 1.1 |
| Total | 100.0 | 100.0 | 180 | 100.0 |

Source: 1990 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS (continued)

During 2002, the Credit Union extended four loans to low-income borrowers, representing 2.2 percent of the total loans originated within the assessment area. This is below the 29.1 percent of low-income households within the assessment area. However, this is reasonable based on the price of homes in the assessment area and overall market conditions, which make credit opportunities for low-income borrowers very limited. The Credit Union's lending at 7.8 percent in the moderate-income census tracts falls below the 15.2 percent of moderate-income households.

The Credit Union's performance in lending to low- and moderate-income borrowers is below that of the aggregate. The Credit Union's percentage of lending to low-income borrowers was 2.2 percent compared to the aggregate 3.5 percent. The Credit Union's lending to moderate-income borrowers was 7.8 percent, compared to the aggregate 13.1 percent.

The following table compares the Credit Union's 2003 borrower income distribution to the distribution of family households within the assessment area.

| Distribution of HMDA loans by Borrower Income | | | |
|---|---|------|-------|
| Median Family Income Level | % Total Households per 2000 Census Data | 2003 | |
| | | # | \$ |
| Low | 29.4 | 9 | 4.2 |
| Moderate | 14.9 | 34 | 15.7 |
| Middle | 17.9 | 63 | 29.0 |
| Upper | 37.8 | 106 | 48.8 |
| N/A | | 5 | 2.3 |
| Total | 100.0 | 217 | 100.0 |

Source: 2000 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

The Credit Union's performance in lending to low- and moderate-income borrowers is below the percentage of households within the assessment area. However, mitigating factors exist as previously mentioned, including market conditions, which are a major factor in this criterion. The Credit Union's lending to moderate-income borrowers exceeds the percentage of moderate-income households in the assessment area.

Given the demographics of its assessment area and the comparison to the aggregate, the distribution of HMDA-reportable loans by borrower income is considered to meet the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The table below shows the number of HMDA-reportable loans in comparison to the number of owner-occupied housing units in each census tract. In addition, the Credit Union's HMDA-reportable loans were compared to that of all other HMDA-reporters in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2002. Refer to the following table for details.

| Distribution of HMDA Loans by Income Category of the Census Tract | | | | |
|--|--|--|-------------|--------------|
| Census Tract Income Level | % Total Owner-Occupied Housing Units per 1990 Census Data | Aggregate Lending Data (% of #) | 2002 | |
| | | 2002 | # | % |
| Low | 0.0 | 0.0 | 0 | 0.0 |
| Moderate | 19.5 | 17.7 | 46 | 25.6 |
| Middle | 74.3 | 74.4 | 125 | 69.4 |
| Upper | 6.2 | 7.9 | 9 | 5.0 |
| Total | 100.0 | 100.0 | 180 | 100.0 |

Source: 1990 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

As shown in the above table, there were no loans originated within the one low-income census tract in the Credit Union's assessment area. This tract has no owner-occupied units and is made up of 93.1 percent rental occupied units and 6.9 percent vacant housing units. The aggregate originated five loans in this tract, representing less than one tenth of one percent. The 25.6 percent of loans originated by the Credit Union within the moderate-income census tracts are much higher than both the aggregate and the percent of owner-occupied housing units in those tracts.

The following table compares the Credit Union's 2003 geographic lending distribution to the percentage of owner-occupied units based on the 2000 Census data.

| Distribution of HMDA Loans by Income Category of the Census Tract | | | | |
|--|--|--------------------------|--------------|--|
| Census Tract Income Level | % Total Owner-Occupied Housing Units per 2000 Census Data | year-to-date 2003 | | |
| | | # | \$ | |
| Low | 0.1 | 0 | 0.0 | |
| Moderate | 16.4 | 36 | 16.6 | |
| Middle | 66.6 | 136 | 62.7 | |
| Upper | 16.9 | 45 | 20.7 | |
| Total | 100.0 | 217 | 100.0 | |

Source: 2000 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

GEOGRAPHIC DISTRIBUTION OF LOANS (continued)

As shown in the above table, no loans were originated within the Credit Union's one low-income census tract, which again is reasonable based on the fact that there are only 19 (0.1 percent) owner-occupied housing units located in this tract. The 16.6 percent of loans originated within the moderate-income census tracts mirrors the 16.4 percent of owner-occupied housing units in the assessment area. In addition, the above data also shows that the number of loans in middle- and upper-income census tracts mirrors the percentage of owner-occupied housing units in these areas.

Based on the above information and the demographics of the assessment area, as well as the competitive market in which it operates, the Credit Union is considered to have a reasonable penetration of loans throughout its assessment area. Hence, the Credit Union is considered to meet the standards for satisfactory performance in this category.

5. REVIEW OF COMPLAINTS/FAIR LENDING

REVIEW OF COMPLAINTS

The Credit Union has not received any complaints regarding its CRA performance since the previous examination.

FAIR LENDING POLICIES AND PRACTICES

The Credit Union's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

Management ascertains the credit needs of the assessment area through their involvement in several area organizations and programs. The Credit Union markets its services and products to the community through a variety of media including print, television, and radio. In addition, the Credit Union has a very active Internet web site at www.frmcu.com. This web site is geared to children as well as adults, with links to Encyclopedia Britannica, National Geographic, and Funk & Wagnall's Dictionary. In 2004, the Credit Union participated in the New Bedford Home Show. In addition, on the second Wednesday of every October, the Credit Union, in conjunction with the New Bedford and Fall River Chambers of Commerce, participates in the South Coast Business Expo. The Credit Union staffs a booth with several employees from various departments so that questions about the Credit Union's products and services can be properly addressed.

To ensure that the circumstances of a denial are based on fact and that the process is consistent in all cases, all denied applications are reviewed by a second loan officer or the Chief Operations Officer. If the second party denies the loan, it will be presented to the credit committee for a final review.

MINORITY APPLICATION FLOW

The Credit Union received a total of seven mortgage applications from various minority groups for 2002 and 2003 combined, representing 1.5 percent of all residential loan applications received. Of these, six (85.7 percent) were originated. The HMDA aggregate lenders in 2002 received 4.1 percent of all the residential applications from various minority groups. In comparison, the Credit Union's minority applicants in 2002 represented 2.0 percent of all applicants. The table following provides further details.

| MINORITY APPLICATION FLOW | | | | | | | | |
|---------------------------|---------------------|--------------|------------|--------------|------------|--------------|------------|--------------|
| Racial Designation | Aggregate Data 2002 | | 2002 | | 2003 | | Totals | |
| | # | % | # | % | # | % | # | % |
| Native American | 44 | 0.3 | 1 | 0.5 | 0 | 0.0 | 1 | 0.2 |
| Asian | 79 | 0.5 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Black | 124 | 0.8 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Hispanic | 111 | 0.6 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Joint | 174 | 1.1 | 3 | 1.5 | 3 | 1.2 | 6 | 1.3 |
| Other | 130 | 0.8 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Minority | 662 | 4.1 | 4 | 2.0 | 3 | 1.2 | 7 | 1.5 |
| White | 10,950 | 67.6 | 202 | 98.0 | 242 | 98.8 | 444 | 98.5 |
| N/A | 4,587 | 28.3 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 16,199 | 100.0 | 206 | 100.0 | 245 | 100.0 | 451 | 100.0 |

In addition, the institution's minority application flow is compared to the racial composition of the assessment area. The table details the assessment area's racial composition for the 1990 and 2000 U.S. Census.

| Change in Assessment Area Racial Demographics | | | | | |
|---|------------------|--------------|------------------|--------------|-------------------------------|
| Race | 1990 Census Data | | 2000 Census Data | | % Change in Number of Persons |
| | # | % | # | % | |
| Native American | 246 | 0.2 | 243 | 0.1 | -1.3 |
| Asian | 1,081 | 0.6 | 2,533 | 1.5 | 134.3 |
| Black | 1,115 | 0.6 | 2,465 | 1.4 | 121.1 |
| Hispanic | 2,579 | 1.5 | 3,708 | 2.1 | 43.8 |
| Other | 202 | 0.1 | 3,184 | 1.8 | 1476.2 |
| White | 168,866 | 97.0 | 164,125 | 93.1 | -2.8 |
| Total Persons | 174,089 | 100.0 | 176,258 | 100.0 | 1.2 |
| Total Minority | 5,223 | 3.0 | 12,133 | 6.9 | 132.3 |

MINORITY APPLICATION FLOW (continued)

The assessment area's total population increased by 1.2 percent, while the total minority population increased by 132.3 percent. The Asian, Black and Hispanic communities increased by 134.3, 121.1 and 43.8 percent, respectively. However, the racial group called "Other" experienced the largest increase of any minority category with a 1476.2 percent growth. Given the racial composition and the HMDA aggregate application data, the credit union's level of attracting minority applicants is considered to be less than reasonable.

In addition, a review was conducted for compliance with fair lending laws and regulations. No violations of the substantive provisions of anti-discriminatory laws and regulations were identified.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

FALL RIVER MUNICIPAL CREDIT UNION

For compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **June 7, 2004**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors

Dated at _____ this _____ day of _____ 20____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.